

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11  
RCN CORPORATION, et al., : Case No. 04-13638 (RDD)  
Debtors. : (Jointly Administered)  
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**ORDER UNDER 11 U.S.C. §§ 105(a),  
363(b), 364(c)(1), 503(b) AND 507 AUTHORIZING, APPROVING  
AND RATIFYING EXIT FINANCING COMMITMENTS AND  
PAYMENT OF RELATED FEES AND EXPENSES**

Upon the motion (the "Motion")<sup>1</sup> of the Debtors for entry of an order under 11 U.S.C. §§ 105(a), 363(b), 364(c)(1), 503(b) and 507 authorizing, approving and ratifying the Exit Financing Commitments and payment of related fees and expenses; and the Court having reviewed the Motion and the Coleman Affidavit; and Wells Fargo & Company and Vulcan Ventures Inc., holders of RCN Corporation preferred stock, having filed an objection (the "Objection") to the Motions and the Court having held a hearing (the "Hearing") on the Motion on June 22, 2004; and the Court having denied the Objection for the reasons stated by the Court on the record at the Hearing; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that notice of the Motion was good and sufficient under the particular circumstances and

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<sup>1</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

that no other and further notice be given; and upon the record herein and at the Hearing, including the representatives of counsel; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:

- A. Service of the Motion by overnight courier on June 4, 2004, to the parties listed on the Master Service List in these cases was good and sufficient notice under the circumstances; and it is hereby
- B. ORDERED, ADJUDGED, AND DECREED THAT:

1. The Objection is denied, and Motion is GRANTED.
2. The Debtors' execution of each of the Commitment Letter, the Fee Letter, the Engagement Letter, the Engagement Indemnity Letter and the Work Letter is ratified and the Debtors are hereby authorized and empowered to perform the obligations set forth in each of such documents and the obligations incurred by them thereunder, including those obligations in respect of the escrow funding arrangements set forth in the Commitment Letter, the indemnities, the liens and superpriority claims to be granted in respect thereof.
3. The fees and expenses payable by the Debtors under each of the Commitment Letter, the Fee Letter, the Engagement Letter, the Engagement Indemnity Letter and the Work Letter shall be entitled to priority as administrative expense claims under sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code, including the payment of customary indemnities, fees and expenses arising from an escrow agreement executed on terms substantially similar to the terms set forth on Exhibit D to the Commitment Letter, as and when they become due and shall be paid when and as provided for under the Exit Financing Commitments; and in the case of obligations under any such escrow agreement, as well as the obligation to pay fees as described in the last sentence of the sixth paragraph of the Commitment Letter, such obligations and fees shall constitute super priority obligations pursuant to Section 364(c)(1) of the Bankruptcy Code.
4. All amounts placed in escrow pursuant to the terms of the Exit Financing Commitments and any escrow agreement executed on terms substantially similar to the terms set forth on Exhibit D to the Commitment Letter, shall not be assets of the estate of the Debtors and the Debtors shall have no interest in such escrowed amounts.
5. The Debtors' execution of any escrow agreement that is entered into on terms substantially similar to the terms set for on Exhibit D to the Commitment Letter is hereby authorized and approved and the Debtors are hereby authorized and empowered to perform the obligations set forth on Exhibit D of the Commitment Letter and the obligations incurred by them thereunder, including the obligation, to the extent the Debtors retain a contingent interest in the amounts held in escrow pursuant to any such escrow agreement, to grant Deutsche Bank a super priority claim in such amounts pursuant to Section 364(c)(1) of the Bankruptcy Code.

6. The Debtors' indemnity obligations set forth in the Exit Financing Commitments, in any escrow agreement executed on terms substantially similar to the terms set forth on Exhibit D to the Commitment Letter or in any of the documents entered into in connection thereto are hereby authorized and approved and the Debtors are hereby authorized and empowered to perform any such obligations.

7. The requirement of Local Bankr. R. 9013-1(b) that any motion filed shall be accompanied by a separate memorandum of law is satisfied by the Motion.

Dated: New York, New York  
June 22, 2004

/s/Robert D. Drain  
Judge Robert D. Drain  
UNITED STATES BANKRUPTCY JUDGE